

EFFECT:

- Amends and adds definitions.
- Provides that grants may not be awarded for commercial forestry businesses except for the production of agricultural products or for areas depleted by fire or pest infestations and grants may be used for costs associated with estimation, measurement, and verification.
- Requires the Department of Agriculture (WSDA) to deprioritize projects that fail to increase carbon sequestration at a landscape level.
- Requires WSDA to initiate rulemaking and submit a report the Legislature by November 15, 2019.
- Provides that no appropriations may be made to the sustainable farms and fields account until January 2020, except to provide funds for rulemaking and the report to the Legislature.

1 AN ACT Relating to establishing the sustainable farms and fields
2 grant program; and adding new sections to chapter 43.23 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds and declares that
5 Washington's working farms and ranches are integral to the state's
6 environment and economy. The legislature further finds that
7 opportunities exist to reduce fossil-fuel energy usage on farms and
8 ranches, including that which is embedded in fertilizers, pesticides,
9 and pumped water. Reducing fossil fuel use on farms and ranches will
10 reduce local and global pollution while helping farmers and ranchers
11 save money. Moreover, the legislature finds that opportunities exist
12 to enhance soil health by adopting precision agriculture and
13 regenerative agriculture practices that increase soil organic carbon
14 levels, and to store carbon in standing trees. It is therefore the
15 intent of the legislature to provide financial assistance to
16 voluntary farmers and ranchers who adopt practices that reduce fossil
17 fuel inputs in their operations and increase the quantity of carbon
18 stored on their land.

19 NEW SECTION. **Sec. 2.** The definitions in this section apply
20 throughout this section and sections 3 through 6 of this act.

1 (1) "Agricultural products" means any product taxable under
2 chapter 84.34 RCW and not taxable under chapter 84.33 RCW.

3 (2) "Agroforestry" means the addition of new trees or shrubs to a
4 primarily commercial farm or ranch business, with a priority given to
5 creating new riparian buffers along waterways.

6 (3) "Carbon dioxide emissions content inherent in electricity"
7 means the carbon dioxide generated by the production of electricity
8 from fossil fuels.

9 (4) "Carbon dioxide equivalent emission" means a metric measure
10 used to compare the emissions from various greenhouse gases based on
11 their global warming potential.

12 (5) "Carbon farming" means any activity or technology that
13 increases the quantity of organic carbon in top soil, such as cover
14 cropping, no-till and low-till and conservation tillage practices,
15 crop rotations, manure application, biochar application, compost
16 application, and changes in grazing practices.

17 (6) "Department" means the Washington state department of
18 agriculture.

19 (7) "Ecosystem services" means any ecological service generated
20 as a result of the landscape and vegetation that provides benefits to
21 human health, fish health, animal health, insect health, habitat,
22 erosion prevention, flood prevention, or reduces or prevents
23 pollution from entering our soils, waterways, or local air.

24 (8) "Fertilizer" has the same meaning as in WAC 16-200-725 as it
25 existed on January 1, 2019.

26 (9) "Forest products" means any product taxable under chapter
27 84.33 RCW.

28 (10) "Fossil fuel" includes motor vehicle fuel, special fuel,
29 dyed special fuel, aircraft fuel, natural gas, coal, and any form of
30 solid, liquid, or gaseous fuel derived from natural gas, coal
31 petroleum, or crude oil, including without limitation still gas
32 propane, and petroleum residuals including bunker fuel.

33 (11) "Fossil fuel-based fertilizer" means a fertilizer produced
34 using fossil fuels as a feedstock regardless of the source of process
35 energy.

36 (12) "Fossil fuel-based pesticides" means a pesticide produced
37 using fossil fuels as a feedstock regardless of the source of process
38 energy.

1 (13) "Fossil fuel energy" means any form of energy produced using
2 fossil fuels as a feedstock regardless of the source of process
3 energy.

4 (14) "Large commercial farm and field business" means a farm or
5 ranch that has a gross cash income greater than two hundred fifty
6 thousand dollars, including the sale of agricultural products and
7 wood products.

8 (15) "Nonfossil fuel-based fertilizer" means a fertilizer
9 produced using no fossil fuels as feedstocks regardless of the source
10 of process energy.

11 (16) "Nonfossil fuel-based pesticides" means a pesticide produced
12 using no fossil fuels as feedstocks regardless of the source of
13 process energy.

14 (17) "Nonfossil fuel energy" means any form of energy produced
15 using no fossil fuels as a feedstock regardless of the source of
16 process energy.

17 (18) "One hundred year storage equivalency method" means
18 assigning the same value to both one ton of carbon dioxide equivalent
19 emissions and the storage of previously atmospheric carbon dioxide
20 absorbed and stored on the planet for a period of one hundred years.

21 (19) "Pesticide" has the same meaning as defined in RCW
22 17.21.020.

23 (20) "Precision agriculture" means site-specific management
24 practices where sensing, information technologies, and mechanical
25 systems enable subfield crop management.

26 (21) "Primarily commercial forestry business" means a commercial
27 business that generates at least fifty percent of its expected
28 average annual gross revenue from the sale of forest products.

29 (22) "Primarily farm or ranch business" means a commercial
30 business that generates at least fifty percent of its annual gross
31 revenue from the sale of agricultural products.

32 (23) "Process energy" means energy consumed in support of a
33 manufacturing, industrial, or commercial process.

34 (24) "Regenerative agriculture" means a system of farming
35 principles and practices that increase biodiversity, enriches soils,
36 improves watersheds, and enhances ecosystem services.

37 (25) "Small commercial farm and field business" means a farm or
38 ranch that has a gross cash farm income less than two hundred fifty
39 thousand dollars.

(26) "Working farmland" and "working ranchland" has the same meaning as "farm and agricultural land" in RCW 84.34.020, excluding RCW 84.34.020(2) (a)(ii) and (d)(iii).

NEW SECTION. **Sec. 3.** (1) The department shall develop, in consultation with the state conservation commission, Washington State University, and the United States department of agriculture natural resources conservation service, a sustainable farms and fields grant program through rule making under chapter 34.05 RCW.

(2) The following activities must be included as activities which are eligible for grant funding under the sustainable farms and fields grant program:

(a) On-farm fossil fuel input efficiency measures:

(i) Any activity or technology that reduces the quantity of fossil fuels, including carbon dioxide emissions content inherent in electricity, used per unit of agricultural output;

(ii) Any activity or technology that reduces the quantity of fossil fuels, including carbon dioxide emissions content inherent in electricity, of water used per unit of agricultural output;

(iii) Any activity or technology that reduces the quantity of fossil fuel-based fertilizer or lime used per unit of agricultural output; and

(iv) Any activity or technology that reduces the quantity of fossil fuel-based pesticides used per unit of agricultural output;

(b) Agroforestry;

(c) Carbon farming.

(3) Sustainable farms and fields grants are for working farmlands and working ranchlands and may not be awarded to fund activities on lands enrolled in a government-sponsored conservation set-aside program. This subsection does not apply to agroforestry.

(4) Sustainable farms and fields grant funding may not be awarded to primarily commercial forestry businesses, except for: (a) Land, equipment, or activities solely associated with the production of agricultural products; or (b) areas that have been depleted by fire or pest infestations.

(5) Sustainable farms and fields grant funding may not be awarded to fund ocean-based aquaculture or blue carbon practices.

(6) The department shall ensure, to the extent practicable based on grant applications received, that roughly twenty percent of available funding is awarded to each of the categories under

subsection (2)(a) through (c) of this section. The remaining available funding should be awarded to the most effective projects, as determined by the department, regardless of category.

(7) The department shall inform the department of natural resources of any applications involving state lands leased by the department of natural resources.

NEW SECTION. **Sec. 4.** (1) When prioritizing grant recipients, the department, in consultation with the state conservation commission, Washington State University, the United States department of agriculture natural resources conservation service, and the department of natural resources, shall seek to maximize the total reduction in atmospheric carbon dioxide equivalents per dollar awarded by leveraging other nonstate public or private funding. For the purpose of prioritizing grant recipients, and for the purpose of the report required under section 6 of this act, storing one ton of carbon dioxide equivalents in soil, standing trees, or shrubs must be compared to carbon dioxide equivalent emissions using the one hundred year storage equivalency method annualized linearly with one-ton year of carbon dioxide equivalents storage having one-hundredth the relative value as the emission of one ton of carbon dioxide equivalents. The department shall consider projects that maximize ecosystem cobenefits including habitat.

(2) Sustainable farms and fields grant funding may be applied towards: (a) Down payments on equipment or other types of loans; (b) blended use of fossil fuel-based pesticides and nonfossil fuel-based pesticides; (c) blended use of fossil fuel-based fertilizers and nonfossil fuel-based fertilizers; (d) blended use of fossil fuel energy and nonfossil fuel energy; (e) no-till equipment; (f) precision agriculture equipment; (g) advanced irrigation systems; (h) geographic information system technologies; (i) costs associated with installation of carbon farming practices; (j) costs associated with installation of agroforestry practices; (k) costs associated with estimation, measurement, and verification; and (l) other equipment, practices, or investments deemed by the department to contribute to the goals of sections 2 through 7 of this act. Grant applicants may apply to share equipment purchased with sustainable farms and fields grant funding.

(3) The department may award up to twenty percent of available sustainable farms and fields grant funds to projects that would not

1 otherwise qualify for funding by maximizing the total reduction in
2 atmospheric carbon dioxide equivalent per dollar awarded. These types
3 of projects must be primarily related to watershed protection, health
4 and habitat connectivity, contribute to the development of important
5 research, or encourage the growth or development of new industries in
6 Washington.

7 (4) Five percent of available funds, or as much thereof as may be
8 necessary, must be spent by the department each fiscal year to create
9 educational campaigns that raise awareness about the sustainable
10 farms and fields grant program. The department may spend up to fifty
11 percent of any unused funds in a single fiscal year for such
12 educational campaigns.

13 (5) Up to ten percent of available funds may be spent by the
14 department to provide technical assistance to grant applicants in
15 cooperation with the state conservation commission, Washington State
16 University, the United States department of agriculture natural
17 resources conservation service, and the department of natural
18 resources or other similar entities.

19 (6) Up to five percent of available funds may be used by the
20 department to cover the cost of administering the sustainable farms
21 and fields grant program.

22 (7) For the first five years appropriations are received, up to
23 five percent of available funds may be used to develop programs and
24 models to assist with the grant prioritization process of the
25 sustainable farms and fields grant program.

26 (8) The department shall make reasonable efforts to award at
27 least eighty percent of funds made available for sustainable farms
28 and fields grants each fiscal year. If funds are not fully awarded
29 during a fiscal year due to the lack of qualified applicants, unused
30 funds may be carried over to the next fiscal year and awarded to
31 eligible grant applicants in that year.

32 (9) In the rules adopted under this chapter, the department shall
33 establish procedures for determining whether a grant recipient is
34 required to enter into a no-time commitment, short-term, or long-term
35 contract not to exceed fifty years.

36 (10) Grants awarded for carbon farming activities with an
37 uncertain storage life may include ongoing annual payments for the
38 previous year's storage or up-front cumulative payments based on the
39 expected storage in future years. Grant contracts that include up-
40 front payments for future benefits must be conditioned to include

1 penalties for default due to negligence on the part of the recipient.
2 The department must deprioritize projects that have the potential to
3 harm existing ecosystem services or fail to increase carbon
4 sequestration at a landscape level.

5 (11) The department may require that a grant recipient allow
6 access to the property, with reasonable notice, to monitor the
7 impacts of the project. All grant recipients shall allow information
8 about their projects to be made available to the public. The
9 department shall maintain a public list of all grant recipients, and
10 other pertinent information, including total state dollars spent or
11 borrowed, and total atmospheric carbon dioxide equivalent emissions
12 impact.

13 NEW SECTION. **Sec. 5.** In the rules adopted under this chapter,
14 the department shall determine methods in consultation with
15 Washington State University, the state conservation commission, the
16 United States department of agriculture natural resources
17 conservation service, and the department of natural resources for
18 estimating, measuring, and verifying outcomes under the sustainable
19 farms and fields grant program. Estimation, measurement, and
20 verification must include recording of fossil fuel energy, nonfossil
21 fuel energy, fossil fuel-based fertilizers, nonfossil fuel-based
22 fertilizers, fossil fuel-based pesticides, nonfossil fuel-based
23 pesticides, and soil sampling. The rules must distinguish between
24 small and large commercial farm and field businesses. The department
25 shall ensure small commercial farm and field businesses are able to
26 utilize grants without undue burden by developing simplified
27 estimation, measurement, and verification methods. The department
28 must consider how other models, including those used or created by
29 federal agencies, can be combined with data from such sources as
30 utility reports, equipment specifications, and other available data
31 to determine emissions reduction benefits. The department must also
32 consider how technical assistance may be made available to small
33 commercial farm and field businesses for the purpose of estimation,
34 measurement, and verification.

35 NEW SECTION. **Sec. 6.** (1) After the first appropriation to the
36 sustainable farms and fields account received after January 2020, the
37 department shall biennially report to the legislature consistent with
38 RCW 43.01.036 on the performance of the sustainable farms and fields

1 grant program. The report must document the nonstate matching funds
2 that were used by sustainable farms and fields grant recipients; the
3 total state dollars awarded under the program; the total state
4 dollars spent on providing technical assistance, education campaigns,
5 and administration; the quantity of carbon dioxide equivalent
6 emissions avoided; the quantity of carbon stored for carbon farming
7 projects; and the total atmospheric carbon dioxide equivalent
8 emissions impact of all activities funded under the grant program to
9 date and expected over the life of each project by grant category.

10 (2) Before November 15, 2019, the department must initiate a
11 preliminary rule-making process to implement the provisions in this
12 act and engage stakeholders in the rule-making process.

13 (3)(a) On or before November 15, 2019, the department shall
14 submit a report to the legislature consistent with RCW 43.01.036 that
15 includes recommendations regarding the minimum and maximum
16 appropriations that could support the sustainable farms and fields
17 grant program over a four-year budget cycle and make recommendations
18 regarding the supplemental budget year.

19 (b) The report required in (a) of this subsection must include
20 other recommendations to the legislature regarding any statutory
21 changes to reduce administrative burden, increase clarity, or
22 otherwise improve this chapter.

23 NEW SECTION. **Sec. 7.** (1) The sustainable farms and fields
24 account is created in the state treasury. All receipts of money
25 directed to the account must be deposited in the account.
26 Expenditures from the account may be used only for purposes relating
27 to the sustainable farms and fields grant program established in this
28 chapter. Moneys in the account may be spent only after appropriation.

29 (2) No appropriations may be made to the sustainable farms and
30 fields account until January 2020, except to provide funds for
31 activities under section 6 (2) and (3) of this act.

32 NEW SECTION. **Sec. 8.** Sections 1 through 7 of this act are each
33 added to chapter 43.23 RCW.

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